

TESTIMONY OF
UIL HOLDINGS CORPORATION
Before the Energy & Technology Committee
On
RAISED BILL 6403 – AN ACT CONCERNING UTILITY TERMINATION FOR
HOUSEHOLDS WITH A MEMBER LESS THAN TWENTY-FOUR MONTHS OLD
Legislative Office Building
March 8, 2011

Good afternoon, Senator Fonfara, Representative Nardello and members of the Energy & Technology Committee. My name is Laura Gonzalez and I am the Director of Collections at The United Illuminating Company ("UI"). With me is James McNally, Director of Customer Services at The Southern Connecticut Gas Company and Connecticut Natural Gas Corporation (SCG/CNG). We are here today to offer UIL Holdings Corporation's (UIL) comments regarding **Raised Bill 6403, AN ACT CONCERNING UTILITY TERMINATION FOR HOUSEHOLDS WITH A MEMBER LESS THAN TWENTY-FOUR MONTHS OLD.**

UIL, on behalf of its operating companies, UI, SCG and CNG, opposes Raised Bill 6403. The Bill proposes that utility companies extend the period of protection from termination for nonpayment from six months to eight months where a hardship customer has a child less than 24 months of age in the home. As discussed in this testimony, this change could lead to substantially increased bills during the proposed eight month period of protection from shut-off, with only four months for these customers to try to pay off the past bills while also paying for current service. It will be even harder for them to ever catch up.

The statutory winter moratorium presently protects all hardship customers from termination of service from November 1 to May 1. This is a six month period where delinquent accounts significantly increase as many hardship customers simply stop making payments for utility service and redirect financial resources to other services that are not protected from termination.

Many customers are struggling to make payments. Hardship and non-hardship customers alike are being impacted by the economy. UI, SCG and CNG understand these challenges and continue to work with customers on ways to help pay off outstanding utility balances and reduce energy costs. Hardship customers are eligible for matching payment programs where their payments, including any Energy Assistance payments, are matched dollar for dollar by the companies. We provide information on weatherization and conservation programs and encourage electric customers to consider alternate electric suppliers and time of day rates that may help customers manage usage and lower their monthly bills. We also continue to work with all customers on affordable payment arrangements to help maintain service in and out of the moratorium season.

UIL's operating companies have seen a significant increase in delinquencies associated with hardship customers. We have learned that many customers do not make payments during the existing six month moratorium season. Once the moratorium period is over, customers are faced with a large outstanding balance built up over a 6-month period. These customers will then struggle to make payments on these large delinquent balances over the next six month period (May through October) before the new moratorium period

begins again. In addition to these arrearages, customers will also be responsible for payments on their monthly bills for service during the non-moratorium period. UI has over 20,000 hardship accounts with delinquent balances of approximately \$25 million. The companies, CNG/SCG, have a total of 41,000 hardship accounts with approximately \$20 million in arrears. Uncollectible risks will continue to increase and the increased cost will be shared by all ratepayers.

This Bill would exacerbate these problems. If customers are already building up large delinquencies during the existing six month moratorium season, those delinquencies would only increase that much more if the season is extended to eight months for families with a child under two years old living in the premises. Adding to the problem, they would also have two fewer months to pay off these large balances. This legislation could negatively impact the customers it aims to protect. The financial responsibility for utility service does not go away once the moratorium ends. For example, a hardship customer may not pay a monthly bill of \$150 during the moratorium and will come out of the moratorium owing the utility company \$900, together with having to pay the utility for service during the non-moratorium months. Adding two months to the moratorium could increase the amount due in this example to \$1200 at the end of the moratorium, which the customer would need to pay over a four month period instead of six months, as well as the obligation to pay for non-moratorium period service. Whenever the moratorium ends, customers are subject to normal collection action, including disconnection, liens, garnishments and other court actions.

An extended moratorium period will impact the energy companies' cash flow, and increase uncollectible risk. As of 12/31/10 the uncollectible expense was approximately \$19 million for UI and \$13.5 million for SCG/CNG. Two-thirds of these expenses are associated with hardship coded accounts, and these costs are borne by all customers. To the extent this Bill increases uncollectible expenses even further this imposes a burden on all other ratepayers. This Bill would also introduce additional administrative and field costs to handle the documentation required to establish there is a qualifying child residing in the household. We are also concerned that the bill does not require verification that the infant is a member of the family or under legal guardianship of the customer.

In summary, electric and gas utility bills are often the last paid because they are the bills subject to a moratorium on shut-off. Increasing the moratorium period for protection of children of less than 24 months in a hardship household will likely make it harder for these customers to catch up on paying these bills after the moratorium ends. Increased uncollectible amounts increases the cost of utility service for all customers. For these reasons UIL and its operating companies, UI, SCG and CNG, oppose RB 6403.

Thank you for the opportunity to appear before you today. Jim and I will try to answer any questions you may have.

Cal. year / month	TOTAL HARDSHIP	Current Amount	30-Day Amount	60-Day Amount
02/2010	DOLLARS OWED	\$ 3,632,920.19	\$ 2,859,990.97	\$ 2,308,470.32
02/2010	CUSTOMER COUNTS	2,779	1,785	1,484

Cal. year / month	MEDICAL HARDSHIP	Current Amount	30-Day Amount	60-Day Amount
02/2010	DOLLARS OWED	\$ 1,039,406.89	\$ 979,901.12	\$ 802,584.74
02/2010	CUSTOMER COUNTS	387	258	205

90-Day Amount	120-Day Amount	Total Delinquent Amount	Total AR Amount
\$ 1,746,596.05	\$ 15,917,765.41	\$ 22,832,822.75	\$ 26,465,742.94
1,290	11,210	15,769	18,548

90-Day Amount	120-Day Amount	Total Delinquent Amount	Total AR Amount
\$ 670,829.53	\$ 10,650,199.35	\$ 13,103,514.74	\$ 14,142,921.63
198	3,546	4,207	4,594